

**PRESS ANNOUNCEMENT - FOR IMMEDIATE RELEASE**

18 December 2003

**COUNTRYWIDE ASSURED GROUP PLC (“COUNTRYWIDE”)**

**Proposed Demerger Or Sale Of Countrywide’s Life Assurance Operations – Update**

On 5 December 2003, the Board of Countrywide announced that it was proposing to sell or demerge its life assurance operations (the “Sale”) (the “Demerger”) (the “Life business”). The Board has today decided that it will proceed with the Demerger and discontinue discussions in relation to the Sale process immediately.

In reaching this decision, the Board has taken into account the following:

- The level, conditionality and certainty of the offers received for the Life business, which would involve continuing exposure through warranties and indemnities
- The Board’s view of the likely trading value of the Life business as a separately listed entity
- The views expressed by Countrywide’s shareholders

The Board of Countrywide is continuing to consider the appropriate capital structure for the continuing Countrywide Group, the UK’s market leading residential estate agency and professional property services business. Consideration is being given to a number of possibilities including, inter alia, an extension of Countrywide’s share buy-back programme, a review of Countrywide’s dividend policy going forward (including the appropriate level of dividend cover), and a debt funded one-off return of capital in the order of £100 million, which is currently the Board’s preferred option.

Full details will be sent to shareholders in due course. The expected timetable is subject to, among other factors, the completion of the audit in respect of the year ending 31 December 2003, the approval of listing documentation by the UK Listing Authority and the approval by the Financial Services Authority of the change of ownership of the Life business. The Demerger will be subject to approval by Countrywide shareholders and the Court. Completion is expected to take place in the Spring of 2004.

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*This announcement does not constitute an offer or invitation to purchase securities.*

*Hawkpoint Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Countrywide and the Life business and no one else in connection with the proposed Demerger and will not be responsible to any other person for providing the protections afforded to clients of Hawkpoint Partners Limited or for providing advice in relation to the proposed Demerger.*

*HSBC Bank plc, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Countrywide and no one else in connection with the proposed Demerger and will not be responsible to any other person for providing the protections afforded to clients of HSBC Bank plc or for providing advice in relation to the proposed Demerger.*

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*The corporate finance department of Numis Securities Limited, which is regulated in the United Kingdom by the Financial Services Authority, is acting for the Life business and no one else in connection with the proposed Demerger and will not be responsible to any other person for providing the protections afforded to clients of Numis Securities Limited or for providing advice in relation to the proposed Demerger.*

*This announcement, for which the directors of Countrywide are responsible, has been issued by Countrywide and has been approved solely for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Hawkpoint Partners Limited.*